

HOUSE BILL 3162

By Niceley

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, Part 1; Title 67, Chapter 6, Part 2 and Title 67, Chapter 6, Part 3, relative to exemption from sales and use tax on retail sales of staple foods.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-102, is amended by adding the following as new, appropriately designated subdivisions and by renumbering the existing subdivisions accordingly:

() "Added sweetener" means any additive that enhances the sweetness of a beverage, including, but not limited to, added sugar, but does not include the natural sugar or sugars that are contained within any fruit juice that is a component of the beverage;

() "Bread-baking products" means any packaged flour, yeast, baking soda, and baking powder, but excludes packaged flours used for baking cakes, biscuits, pancakes, crackers, and pastries;

() "Grains" means wheat, barley, rye, rice, oats, buckwheat, flaxseed, and cornmeal;

() "Nutritious beverages" means beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than fifty percent (50%) of vegetable or fruit juice by volume and that have no added sweeteners;

() "Perishable animal products" means any raw animal food that may spoil or otherwise become unfit for human consumption because of its nature, type, or physical condition and that is intended for home preparation and consumption. "Perishable animal products" include eggs, meat, poultry, fish, food that consists in whole or in part

of milk or milk products, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the food and drug administration (FDA) in chapter 3, § 401.11 of the FDA's food code so as to prevent food borne illnesses;

() "Produce" means fresh fruits and vegetables; and

() "Staple food" means any food in its raw or natural state that supplies a high proportion of nutrient needs, including the following:

(A) Produce in a form as to indicate that it is intended for human consumption, with or without any or further home preparation;

(B) Perishable animal products, grains, dried beans and legumes, and bread-baking products, all of which are intended for home preparation and human consumption;

(C) Nutritious beverages; and

(D) Nuts in the shell.

SECTION 2. Tennessee Code Annotated, Section 67-6-228(b), is amended by designating the existing language as subdivision (1) and by adding the following, to be designated as subdivision (2):

(2) There is exempt from the state tax imposed by this section all retail sales of staple food; provided, that nothing in this section shall be construed to exempt these retail sales from any tax levied in accordance with part 7 of this chapter. A sum shall be earmarked and allocated from the general fund to hold counties and municipalities harmless from any loss of revenue from state-shared taxes directly resulting from the amendments to this section provided in this act.

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following as a new, appropriately designated section:

67-6-3__. There is exempt from the state tax imposed by this chapter all retail sales of staple food.

SECTION 4. This act shall take effect July 1, 2012, the public welfare requiring it.